

Submission on the Crown Minerals (Petroleum) Act Amendment Bill.

On Behalf of the Gas Association of New Zealand.

The Gas Association New Zealand (GANZ) represents companies involved in the natural gas supply and distribution Industry as well as a number involved in the appliance supply and installation industry.

GANZ broadly supports the goal of achieving nett zero carbon by 2050.

However, we do have concerns about the potential impacts of the removal of any further offshore exploration permits.

We believe that the transition to a de-carbonised economy needs to be carefully managed to not only maximise potential carbon emissions reductions, but also manage any impacts on consumers residential, commercial and industrial.

Gas is used by a large number of New Zealand consumers and business and it is:

- A cost-effective fuel for both space and water heating.
- An essential energy source for many New Zealand businesses
- A highly reliable energy source contributing to New Zealand's energy security and resilience
- The lowest emission fossil fuel, with approximately half the emissions of coal
- A key fuel for businesses to replace higher carbon footprint fuels (e.g. diesel and coal burners) towards a lower carbon footprint

Without a well thought through transition plan and careful analysis by both the Government and Industry there are a number of potential risks:

- Consumers confused by messaging around "reducing gas exploration permits and fuel availability in the future" and the where gas fits into the nett zero carbon future.
- Businesses staying with higher carbon footprint fuels, as they wait for newer technologies to be developed and priced effectively, because of concern they won't achieve a return on investment in replacement gas equipment (e.g. boilers)
- Unnecessarily limiting the options to adopt future technologies that have better economic outcomes for New Zealand
- Compromising New Zealand's energy security and affordability by reducing and ultimately removing domestic supply of a reliable and flexible source of energy.

All future scenarios published in the Productivity Commission report show that natural gas will still be needed in 2050. Even if the consumption halves over this time, the amount of gas needed over this period is more than double the published current reserves.

It is therefore important that we work together to ensure that there are sufficient cost-effective gas supplies to play its role as a fuel to assist New Zealand to achieve its nett zero carbon goals.

GANZ wishes to attend the hearings process.

Peter Gilbert
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